

Market Commentary

Recap: Oil prices fell on Monday as China reported declines in both imports and exports during the month of December, fueling concern about slowing demand. Prices fell despite OPEC reassuring that global demand is strong and its production cuts were beginning to balance oil markets. After trading higher on the initial opening, prices drifted lower for the remainder of the session, falling to fresh lows in pre-settlement trading. February WTI fell as much as 2.3 percent, to a low of \$50.38 a barrel, before settling at \$50.51, down \$1.08, or 2.09 percent, while March Brent slipped 2.6 percent, to a low of \$58.90 before settling at \$58.99 a barrel, down \$1.49, or 2.56 percent. February RBOB fell by 2.6% to \$1.364 a gallon, while February heating oil shed 1.5% to \$1.853 a gallon.

Technical Analysis: February WTI continued to slip away from the 50-day moving average, currently set at \$51.63, and on Monday, this spot contract fell back below the descending trend line drawn off of the October high of \$77.40. With moving oscillators crossing to the downside, we would look for additional moves lower, with the 10-day moving average, currently set at \$49.29, our initial downside objective. Below this level, additional support is set at \$48.30. To the upside, resistance is set at \$51.63, and \$53.30.

Fundamental News: Saudi Arabia's Energy Minister, Khalid al-Falih, said the oil market was on the right track and will soon return to balance due to the implementation of production cuts by OPEC and other countries. He said there was no need for an extraordinary OPEC meeting before its next planned meeting. He said oil demand remains strong and that he sees no impact from US-China trade tensions. He said the fundamentals of oil demand are sufficiently strong and added that the oil market will not be impacted. He said they remain vigilant to take appropriate measures if there is an impact on demand. In regards to Russia, he stated that Russia's oil cuts were slower than expected. He said OPEC and non-OPEC producers will meet commitments to cut output.

Algeria cut its oil output by about 24,000-25,000 bpd since January 1st as part of the OPEC and non-OPEC agreement to cut output. Before the agreement reached by OPEC and non-OPEC producers, Algeria was producing 1.08 million bpd.

The date for the next meeting of OPEC and non-OPEC producers has been proposed for April 17-18.

IIR Energy reported that US oil refiners are expected to shut in 660,000 bpd of capacity in the week ending January 18th, increasing available refining capacity by 37,000 bpd on the week. IIR expects offline capacity to fall to 1.2 million bpd in the week ending January 25th.

China's General Administration of Customs reported that the country imported 43.78 million tons or 10.31 million bpd of crude in December, up 2.1% on the month from 42.87 million tons in November. For all of 2018, China's crude oil imports increased by 10.1% to 461.9 million tons or 9.24 million bpd. This makes China the top oil importer for the second consecutive year. China's imports of oil products in December fell by 2.8% to 3.01 million tons while its exports of oil products increased by 31.4% to 5.86 million tons.

According to Korea Customs Service, South Korea imported a total of 12.4 million tons of crude in December, compared with 13.2 million tons imported a year ago. It did not import crude from Iran in December compared with 1.1 million tons imported a year ago.

A South Korean oil buyer is set to receive about 2 million barrels of Iranian condensate in January.

Early Market Call - as of 8:05 AM EDT

WTI - Feb \$51.35, up 84 cents

RBOB - Feb \$1.3910, up 2.72 cents

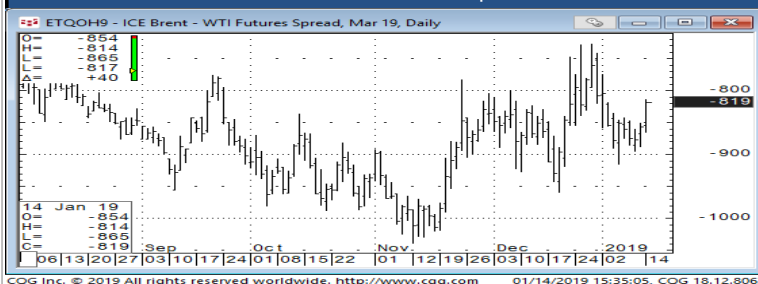
HO - Feb \$1.8689, up 1.64 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8525	-\$0.0272	\$0.0741
Mar-19	\$1.8424	-\$0.0294	\$0.0710
Apr-19	\$1.8259	-\$0.0317	\$0.0667
May-19	\$1.8216	-\$0.0323	\$0.0653
Jun-19	\$1.8242	-\$0.0325	\$0.0621
Jul-19	\$1.8320	-\$0.0330	\$0.0594
Aug-19	\$1.8399	-\$0.0335	\$0.0579
Sep-19	\$1.8486	-\$0.0340	\$0.0565
Oct-19	\$1.8573	-\$0.0341	\$0.0556
Nov-19	\$1.8655	-\$0.0339	\$0.0554
Dec-19	\$1.8728	-\$0.0337	\$0.0556
Jan-20	\$1.8791	-\$0.0337	\$0.0552
Feb-20	\$1.8796	-\$0.0338	\$0.0549
Mar-20	\$1.8762	-\$0.0338	\$0.0544
Apr-20	\$1.8683	-\$0.0337	\$0.0522
May-20	\$1.8682	-\$0.0337	\$0.0501
Jun-20	\$1.8710	-\$0.0340	\$0.0454

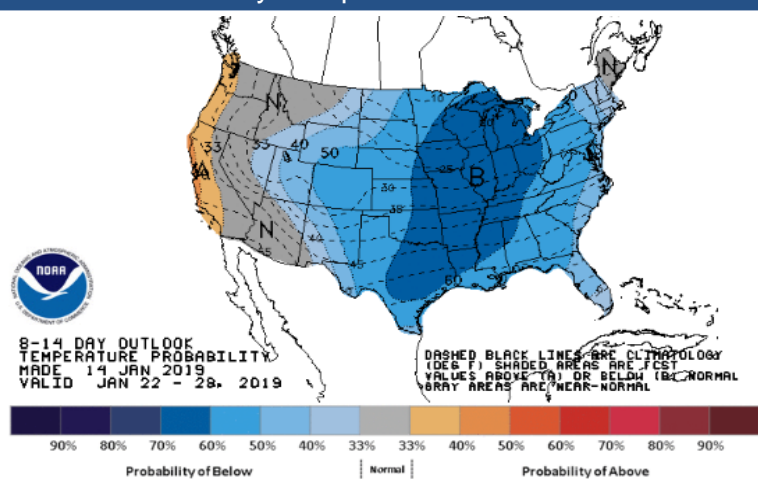
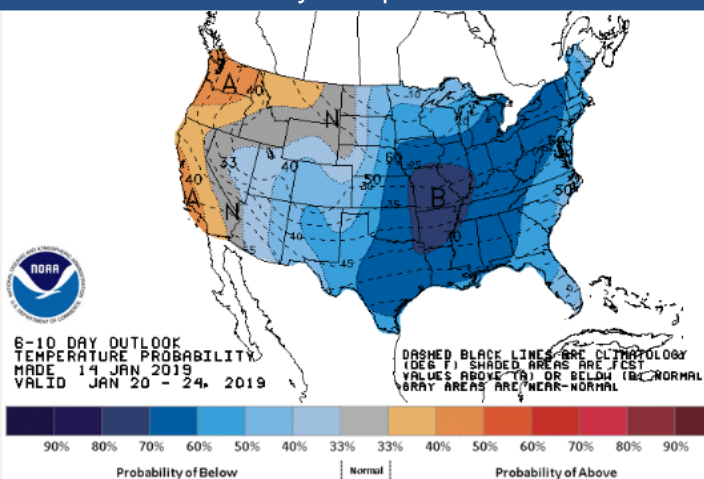
Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$50.8000	-\$1.1100
Crude - Brent	WTI Spread	\$58.9900	-\$1.4900
Natural Gas	\$8.19	\$3.5910	\$0.4920
Gasoline		\$1.3638	-\$0.0369

ICE March WTI-Brent Spread



NOAA 6-10 Day Temperature Outlook

NOAA 8-14 Day Temperature Outlook



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